

**NEW JERSEY STATE BOARD OF ACCOUNTANCY
PUBLIC SESSION MINUTES
NOVEMBER 20, 2014
SOMERSET ROOM - 6TH FLOOR**

I Call to Order and Roll Call - 9:45 A.M.

A meeting of the New Jersey State Board of Accountancy was convened in accordance with the provisions of the Open Public Meetings Act. Pursuant to those provisions, the proper notifications were made to the Office of the Secretary of State, the Camden Courier-Post, the Trenton Times, the Asbury Park Press, the Record, and the Star-Ledger. Board President, John Dailey called the meeting to order at 9:45 a.m. The following roll call was taken:

Richard C. Barlotta, PA	Present
Jorge A. Caballero, CPA	Excused
John F. Dailey, Jr., CPA	Present
Sara L. DeSmith, CPA	Present
Daniel J. Geltrude, CPA	Present
Dennis C. Meyerson, PA	Present
David J. Milkosky, CPA	Excused
Harold Model, CPA	Present
Ainsley A. Reynolds, CPA	Present
Michael H. Runge, CPA	Present

Also present at the meeting were Khaled Madin, Acting Executive Director; Tobey Palan, Deputy Attorney General, Melba Rodriguez, Secretarial Assistant; Marie Lisa, Staff; Ralph Thomas, Executive Director, NJSCPA; Mike Polito, Past President, NJSCPA, Gerard Abbattista, Past President, NJSCPA and David Plaskow, Editor, NJSCPA.

II Minutes of the Meeting of October 16, 2014

On a motion made by Richard Barlotta, seconded by Michael Runge, the Board to approve the October 16, 2014 Public Session minutes with corrections. The vote of the Board was unanimous.

III President's Remarks

Board President Dailey informed the Board that he attended a NASBA Board meeting in Washington, D.C. a few weeks ago. He provided a newsletter that the Georgia Board uses. This newsletter is being sent out twice a year with the assistance of NASBA. Board President Dailey informed the Board that it would take minimal, little or no effort any expense on the part of the Board to use this. Thomas Kenny, Communications Director of NASBA would help with the content and graphics and all the Board would have to provide is licensee email addresses for distribution. Board President Dailey expressed that this would be an excellent idea to keep New Jersey licensees informed on what the Board is working on and improve Board/licensee relations. Board President Dailey suggested that possibly in the beginning of the year some of the Board members would volunteer their to work on this.

Acting Executive Director Madin informed the Board that he would have to obtain approve from the Division prior this method can be used. There are approximately 10-12 Boards utilizing this method to keep licensees informed.

DAG Palan suggested that Acting Executive Director Madin contact Thomas Kenny from NASBA to obtain additional information before presenting this matter to the Division for consideration.

IV Acting Executive Director's Remarks

Acting Executive Director Madin updated the Board on the ALD project. He has been working with NASBA and the Divisions IT department to try and get this project working by the end of November. Acting Executive Director informed the Board that it looks like the deadline will be met and New Jersey will be the 50th jurisdiction implementing the ALD project.

**V UNIFORM PENALTY LETTER IN LIEU OF FORMAL COMPLAINT FOR CPE
AUDIT - RENEWAL PERIOD 2009-2011**

A REQUESTED BOARD TO CONSIDER EXPLANATION

1 Christopher Demba

This matter was moved to Executive Session for discussion.

2 Renu Kara Kripalani

Mr. Kripalani stated that he has obtained 76.5 credits but only provided one certificate for review.

The Chair directed that the licensee be contacted to submit copies of CPE certificates for the courses listed, otherwise, the UPL will be upheld. He may also contact the providers to obtain proof that he took these courses. Board President Dailey will look over the file and report back to the Board.

VI Legislative Matters

A Applications for Examination; Education and Experience Requirements; Independence, Code of Professional Conduct; Standards for Peer Reviews and Sponsoring Organizations; Enrollment and Participation; Exemptions; Procedures for Sponsoring Organization; Credit-Hour Requirements; Continuing Professional Education Programs and Other Sources of Continuing Profession Education Credit
Proposed Amendments: N.J.A.C. 13:29-1A.3, 3.1, 5.3, 5.4, 5.8, 6.2, and 6.5
Proposed New Rule: N.J.A.C. 13:29-3.19

B Credit Towards Licensure for Education, Training, and Experience Received while Serving as a Member of the Armed Forces
Proposed New Rule: N.J.A.C. 13:29-1A.5

The Chair directed that the two rules listed be accepted as informational. The comment period will end in sixty days, which would be December 19, 2014. At the January meeting, the Board should be receiving letters from interested parties that may have comments that the Board would have to address. Then the rule will be forwarded to the Governor's Office for additional legal justification.

DAG Palan informed the Board that all comments be addressed to Acting Executive Director Madin with copies sent to her and Rachel Glasgow, Regulatory Analyst.

Comments will be reviewed by Regulatory Analyst Glasgow, DAG Palan and the Board to see if they warrant additional discussion and responses.

VII Miscellaneous

A Norman Pearlman

Correspondence was received from Mr. Pearlman wherein he informs the Board that he is a New York licensee and would like to know if he should register in New Jersey. Mr. Pearlman performs certified audits for a retirement plan for a company located in New Jersey. He spends approximately six hours a year in New Jersey working with the client.

On a motion made by Ainsley Reynolds, seconded by Michael Runge, the Board voted to inform Mr. Pearlman that he is required to have a New Jersey registration even though he may have practices privileges from the State of New York to work in the State of New Jersey. The vote of the Board was unanimous.

VIII Committee Reports

A CPA Examination Committee

Harold Model had no report for the Board.

Board President Dailey mentioned that he had sent a survey to the Committee regarding the current study for the CPA exam. He informed the Board that many changes will be made to the exam and it would be a good idea if the Committee reviewed the survey and submitted a response.

B Ethics Committee

Daniel Geltrude issued a retraction regarding Fraud Forces. After the Committee reviewed their submission, no evidence was found of plagiarism and an apology was extended for a discussion that took place regarding those actions.

Mr. Geltrude also reported to the Board that the State Society submitted a course and has been approved for both, the standard program and the webinar, subject to the inclusion of the statutes as part of the course.

On a motion made by Daniel Geltrude, seconded by Ainsley Reynolds, the Board voted to approve the course submitted by the NJ State Society of CPAs, subject to the inclusion of the updated statutes. The vote of the Board was eight voting in favor with John Dailey abstaining.

C CPE Committee

Daniel Geltrude had no report for the Board.

D RMA Committee

John Dailey provided a sign up sheet to the Board member if anyone was available to proctor the RMA examination scheduled for Friday, December 5, 2014. Board President Dailey reported that there are 24 candidates registered for the exam. Board President Dailey also reported to the Board that he has seen the exam with the exemption of the short questions and answers. There is a conference call scheduled for the next week to provide the exam writers with any corrections.

E Peer Review Oversight Committee

Sara DeSmith reported to the Board that a Committee meeting was held on October 16, 2014 and the new AICPA Peer Review guidance was discussed, which was issued in May regarding the process of a peer review report that is considered incorrect. The Committee has not received any recall information from the State Society. The State Society was going to hold a meeting on November 10-11, which Mr. DuBoff was planning on attending as part of the monitoring process. Mr. DuBoff was also planning a follow up with NASBA which was going to provide the State Boards with list of benefit plans that are domiciled in each state so that the Boards may check that the appropriate Peer Reviews had been performed. The Committee is not aware if the State Board staff had any knowledge of having received a list from NASBA.

Ms. DeSmith also reported that an Exposure Draft was also discussed which proposes to exempt the new preparation of financial statements services from peer review.

The Committee received two exemption requests from two different license/firms.

On a motion made by Sara DeSmith, seconded by Ainsley Reynolds, the Board voted to direct Alice Weinstein to file her exemption from Peer Review and Karen Snyder request was denied. She is being directed to comply and enroll in a Peer Review. Firms Vision, LLC and Wexler and Wexler that have failed or pass with deficiencies are being directed to have an accelerated Peer Review performed within 18 month from report acceptance date. The vote of the Board was unanimous.

F Education Committee

Ainsley Reynolds had no report for the Board but did mention the Pay it Forward program.

G Reciprocity Committee

Michael Runge had no report for the Board.

H Nominating Committee

Dennis Meyerson, had no report for the Board. Board President Dailey informed the Committee that they should meet sometime in February to find out who is interested in running for office. Hold a meeting in March and report back to Board in April so officers may in place by the May meeting.

I Statute/Rules/Regulations Committee

Richard Barlotta reported to the Board that a meeting should be scheduled for May to review the old statutes and make changes or revisions as needed.

J Monitoring Profession Committee

No report was given.

IX Public Comments

Ralph Albert Thomas CEO & Executive Director of the New Jersey Society of CPAs (NJSCPA) reported the following key/important dates for the Society:

- December 5th- NJSCPA Board of Trustees Meeting and Annual Leadership Holiday Luncheon. Members of the Board and staff are all invited to the luncheon.

- June 10th-12th, 2015- NJSCPA Annual Convention and Expo at the Borgata in Atlantic City, NJ.

I would like to update members of the Board on the following NJSCPA activities:

- The Society will issue a formal comment letter on the proposed regulations amending the educational requirements to sit for the CPA exam, eliminating the self study maximum and aligning the AICPA's independence rules and Code of Conduct guidelines, etc. which were published in the New Jersey Register in mid-October. With respect to the proposed amendments, we have received preliminary feedback from several colleges and universities based in New Jersey that the Board's proposed changes will present problems and challenges for them. We encouraged these institutions to present formal comments for the Board's consideration. At a minimum, the Society believes the Board should provide a transition period regarding the implementation of any changes in the educational requirements to sit for the CPA Exam. Providing a transition period would allow colleges and universities an opportunity to make necessary changes to conform to new requirements. Additionally, a transitional period would allow students already enrolled in an undergraduate or graduate accounting program to complete requirements without having to meet the proposed educational requirements to sit for the exam. The Society in its comment letter will recommend a transitional period.

- The Society's Peer Review Program was oversighted by the AICPA Peer Review Executive Committee. I'm happy to report that we received a favorable report from the Oversight Review. A copy of the Oversight report will be provided to the Board.

- The Society will be ramping up its advocacy efforts to reform the estate and inheritance taxes. As such we will try to get key business alliances and groups in New Jersey to rally behind this initiative and speak as one voice.

- Should the Board collaborate with NASBA on its offer to assist them in producing a newsletter, the Society would provide a link on its website to the Board's newsletter.

On a motion made by Dennis Meyerson, seconded by Sara DeSmith, the Board voted to adjourn the Public Session meeting at 11:15 A.M. to reconvene in Executive Session to discuss the Uniform Penalty Letters issued, AICPA matters, PCAOB reports and three Old Business matters. The vote of the Board was unanimous.

Respectfully submitted,

Khaled Madin
Acting Executive Director